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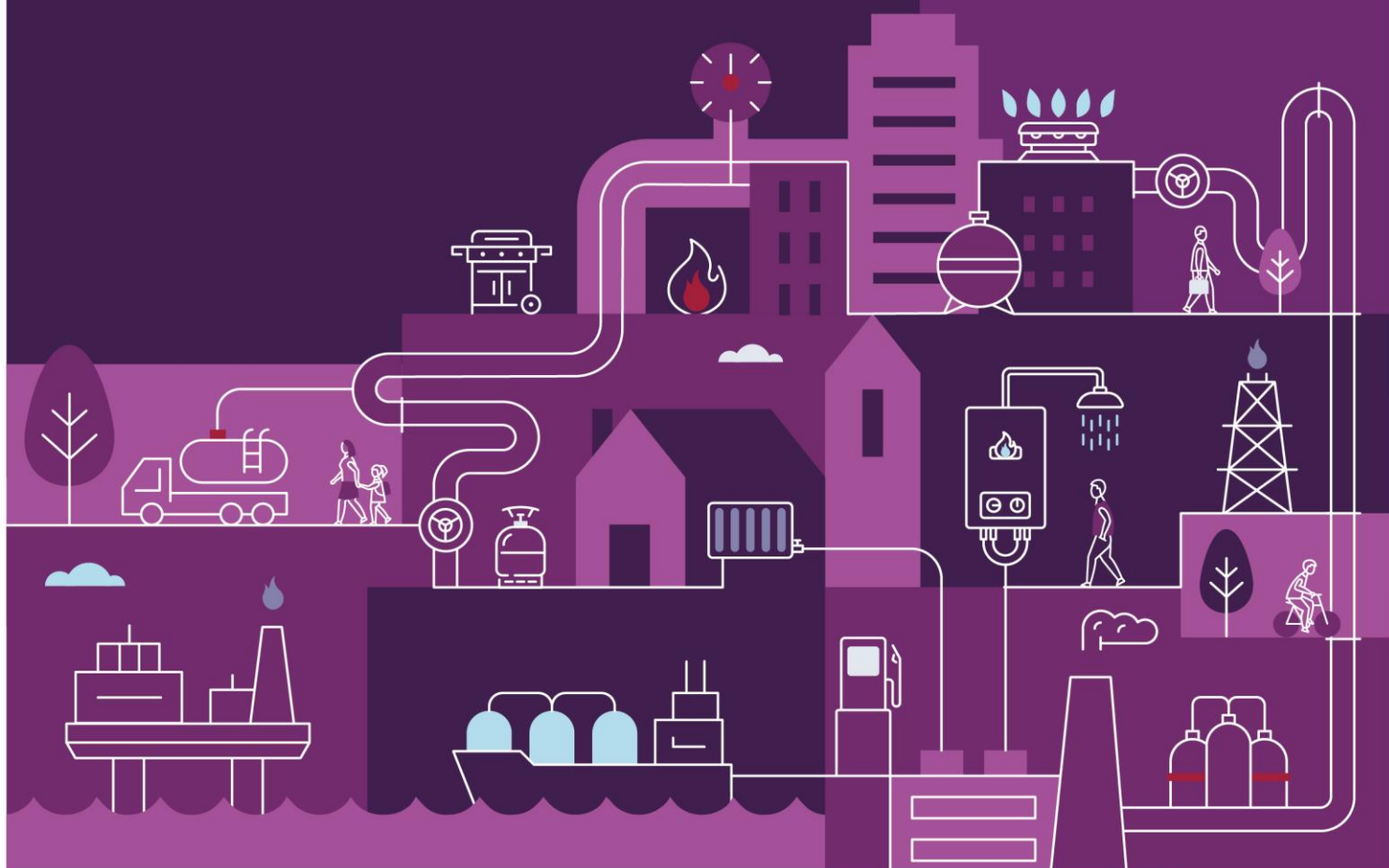
AUSTRALIAN ENERGY MARKET OPERATOR

# STTM (Short Term Trading Market) Contingency Gas Trigger Event

July 2022

Gas Day 25 May 2022

A report into the STTM Contingency Gas Trigger Event





# Important notice

## Purpose

AEMO has prepared this report in accordance with clause 497 of the National Gas Rules (Rules), using information available as at 5 July 2022, unless otherwise specified.

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# 1 Event Summary

On 25 May 2022, a Contingency Gas Event was triggered due to insufficient supply to the hub. This followed the application of an administered market state to manage a major retailer of last resort event.

In accordance with the Rules, AEMO held an industry conference to discuss the contingency gas event. After the industry conference, market participants were able to re-adjust their nominations with Facility Operators. These updated nominations showed the shortfall had reduced to approximately 1 TJ, which AEMO determined could be covered by MOS (Market Operator Service). At 14.08 hrs, AEMO informed market participants via a market notice that CG was not required at the Sydney hub to resolve the gas supply shortfall event on gas day 25 May 2022.

As no CG was scheduled, there were no price impacts on the market.

AEMO has assessed this event under clause 497 of the Rules . All times are in AEST (Australian Eastern Standard Time).

Appendix 1 includes a chronology of events.

## 2 Assessment of event

This event occurred following a major retailer of last resort event at the Sydney STTM hub. As a market administered scheduling state had been applied for gas day 25 May 2022, there was no approved ex-ante market schedule. In this situation, it is up to market participants to coordinate with facility operators to supply the hub.

To ensure continuity of supply, AEMO requested facility operators to provide daily nominations to enable AEMO to undertake a daily supply adequacy assessment throughout the period. On the morning of 25 May 2022, AEMO determined that aggregate nominations to the hub were materially lower than price taker withdrawals scheduled in the D-2 provisional schedule, which triggered the CG trigger event.

A review of the Sydney major retailer of last resort event and the market administered scheduling state will be provided in a separate event report that is yet to be published.


### 2.1 Contingency gas trigger event

The events that led into the Contingency Gas trigger event on Gas Day 25 May are<sup>1</sup>:

1. On 23 May 2022 a major retailer of last resort event occurred in the Sydney STTM Hub.
2. For gas day 24 May 2022 the published ex ante market schedule was subject to a Market Administered Scheduling State. In place of the ex ante market schedule, AEMO published a market price based on the approved ex ante market price capped at the administered price cap under the Market Administered Settlement State.
3. For gas day 25 May 2022 to the end of the major retailer of last resort event period the Sydney STTM Hub was subject to a Market Administered Scheduling State. This meant that AEMO only publishes a D-3

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<sup>1</sup> These major and minor RoLR events for Sydney and Brisbane hub are covered in AEMO subsequent reports and will be published on AEMO's website



and D-2 schedule for each gas day. In place of the ex ante market schedule AEMO published a market price based on the rolling average price under the Administered Market Scheduling State.

4. For each gas day, AEMO worked with STTM facility operators to monitor injection nominations to the Sydney Hub. This was done to determine if a contingency gas trigger event under clause 440(1)(d) of the Rules would occur if the D-2 provisional schedule indicated the price taker bid quantity could not be supplied.
5. For gas day 25 May 2022, AEMO determined that price taker bids in the D-2 provisional schedule would not be met for that gas day. As a result, under clause 440(1)(d) of the Rules, a Contingency Gas (CG) trigger event occurred at the Sydney hub for gas day 25 May 2022.
6. AEMO determined that injection nominations to pipeline operators would result in a supply shortfall of approximately 48 TJ for gas day 25 May.

Once the contingency gas trigger event occurred, AEMO convened CG assessment and industry conferences as per NGR 442 & 443. Following these conferences, AEMO determined that due to information provided by participants, contingency gas was not, or was no longer, needed to meet the operation requirement that had triggered the contingency gas trigger event.

AEMO continued to monitor nominations and D-2 price taker bids to determine the contingency gas trigger event for gas day 25 May was resolved. A further daily assessment was undertaken of the Contingency Gas requirement until the end of the major retailer of last resort event.

## 2.2 Adequacy of Part 20 of the NGR

In respect to this event, AEMO has assessed the application and adequacy of the NGR, with a primary focus on the following provisions:

- Review of Division 8
- NGR 497 AEMO to report on reviewable events


### 2.2.1 Review of Division 8

The NGR 493 requires AEMO to conduct a review of the operation of Division 8 after the last gas day in respect of which contingency gas was scheduled. As contingency gas was not required in this event this assessment is not necessary, however AEMO believes that there are lessons to be learned from this event.

In this reviewable event, AEMO triggered a contingency gas trigger event under clause 440(1)(d) of the Rules. AEMO acknowledges that this is not strictly in line with the Rules, as the determination was not made with the provisional schedule in isolation. Indeed, the provisional schedule was only indicative and there was no approved ex-ante market schedule (re-approved provisional or otherwise) to enable an assessment to be made in the way outlined by the Rules. The nominations that AEMO received from facility operators, which enabled the assessment of the supply and demand balance, were provided and assessed outside of the existing framework of the Rules.

AEMO believes that the action in this case was necessary and was consistent with the intent of the Rules and reduced the risk of contingency gas being called later in the day by a facility operator which might have otherwise

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unnecessarily increased the risk of involuntary curtailment. It is important to remember that there was a greater amount of uncertainty in this situation as the provisional schedule was two days old, which meant the demand forecast may have been more inaccurate. So, while the comparison between nominations and the provisional schedule indicated 48 TJ aggregate shortfall (price taker bids and backhaul), it could be much lower or higher than this.

AEMO believes that managing supply and demand in this situation, where there is no approved ex-ante market schedule, requires clarification either in the STTM procedures or in the Rules.

As contingency gas was not scheduled for this event, there were no market impacts for gas day 25 May 2022.

### 2.2.2 NGR 497 AEMO to report on reviewable events

NGR 497 requires AEMO to publish a report within 30 business days after the conclusion of a reviewable event. AEMO has adopted the following approach to reporting on these events, wherever possible:

- Investigate and publish a report based on immediately available data within 30 business days of the relevant event.
- Where not all information necessary to complete the required assessment is available, extend the period for publication of a report on a reviewable event, with a final report to be published once the additional information is received and analysed by up to a further 30 business days (NGR 497 (1A)).

For the purposes of this report, AEMO believes it has all necessary information and does not intend to publish a subsequent report.

## 2.3 Review of AEMO's actions

AEMO's market communications through the STTM market notifications operated as expected for this event. This meant that the STTM participants were informed timely and effectively of the market trigger event.

Once the market was notified, AEMO issued another notice to inform market participants and facility operators of the assessment and industry conferences to discuss the contingency gas trigger event.

At the CG assessment conference, the magnitude of the shortfall was discussed and the ability of facilities to facilitate a response was ascertained. At the CG industry conference, AEMO outlined the contingency gas trigger event and the magnitude and timing of re-nominations which would be required to respond to the event as well as the process for AEMO making a decision as to whether contingency gas would be required.

AEMO requested participants to re-nominate or nominate their supply to Facility Operators by 13.00hrs.

At the second CG assessment conference, it was determined using updated nominations that the shortfall was 1 TJ for gas day 25 May 2022. This amount would be covered by the operation of Market Operator Service (MOS) in normal market operations and therefore AEMO determined that contingency gas was not required to resolve the supply shortfall.

AEMO notified the market that the contingency gas trigger event had ended at 14.08 hrs and no contingency gas was required.



## 2.4 Actions taken by participants and facility operators

Contingency gas offers and bids (NGR 435 and 436) are required before 6pm on the proceeding gas day of the contingency gas trigger event.

Participants attended the industry conference as called by AEMO at 12.00 hrs on 25 May 2022. Once market participants were aware of the approximately 48 TJ shortfall based on current nomination, they updated their nominations to facility operators such that the supply shortfall was reduced to 1 TJ.

The response by participants was timely for AEMO to determine that contingency gas was not required for gas day 25 May 2022. AEMO sent out a market notice to inform participants that the supply shortfall was resolved, and contingency gas was not scheduled.

## 3 Conclusion

AEMO notified the market for the events that occurred on gas day 25 May 2022 as a contingency gas trigger event as price taker withdrawal bids could not be met for Sydney STTM hub. After an industry conference was held, renominations resulted in sufficient supply to the Sydney STTM hub and contingency gas was not scheduled.

Rule 497 of the Rules requires that AEMO investigate and prepare a report following an reviewable event which is a contingency gas trigger event in respect of which AEMO publishes a notice under rule 441.

AEMO has assessed the application and adequacy of associated Rules provisions and finds that additional work may be required to consider the approach to managing supply in situations where there is not an approved ex-ante market schedule available to guide the market.

Please direct any feedback or questions regarding this report to [GasMarket.Monitoring@aemo.com.au](mailto:GasMarket.Monitoring@aemo.com.au).

# A1. Chronology of events

Table below sets out the chronology for gas day 25 May 2022.

Date/Time (AEST)	Event/Action	Details
24 May 20:04 hrs	Jemena EGP nominations received	Total shipper nominations from Jemena EGP for gas day 25 May
25 May 09:08 hrs	Nominations for MSP received	Total shipper net nominations from APA for MSP for GD gas day 25 May
25 May 09:27 hrs	Confirmed nominations for ROS and NGS with AGL	Nominations for ROS and NGS with AGL confirmed for GD gas day 25 May
25 May 10:06 hrs	AEMO triggers Contingency Gas Trigger Event and issues an STTM Market Notice	AEMO issued contingency gas trigger event notice
25 May 10:21 hrs	AEMO invitation to Contingency Gas Assessment Conference	Invitation sent to Sydney hub STTM Facility Operators, STTM Distributors
25 May 10.30hrs	Contingency Gas Assessment Conference	Contingency Gas Assessment Conference held.
25 May 11.12 hrs	AEMO invitation to industry conference	Invitation sent to all Sydney STTM Trading Participants, Facility Operators and Distributors
25 May 12.00 hrs	Contingency Gas Industry Conference	Contingency Gas Industry Conference held.
25 May 13.09 hrs	AEMO invitation and second Assessment Conference held	Invitation sent to Sydney hub STTM Facility Operators, STTM Distributors
25 May 13.30 hrs	Contingency Gas Assessment Conference	Contingency Gas Assessment Conference held.
25 May 14.08 hrs	STTM market notice for CG determination	AEMO published a Market Notice to the MIS that Contingency Gas was not required at the Sydney Hub
25 May 17.09 hrs	Contingency Gas determination published	AEMO published the Contingency Gas determination to AEMO website ( <a href="#">link</a> )